



## CITY OF MILPITAS AGENDA REPORT (AR)

<b>Item Title:</b>	<b>Vehicle Miles Traveled Policy to Implement Senate Bill 743</b>
<b>Category:</b>	Community Development
<b>Meeting Date:</b>	5/4/2021
<b>Staff Contact:</b>	Ned Thomas, Director of Planning, 408-586-3273
<b>Recommendation:</b>	Move to continue the public hearing to the regular City Council meeting of May 18, 2021.

### **Background:**

In September 2013, the State of California signed into law Senate Bill 743 (SB 743), modifying how potential environmental impacts from vehicle traffic should be analyzed under the California Environmental Quality Act (CEQA). In February 2018, the State Office of Planning and Research (OPR) updated the CEQA statute, produced a Technical Guideline, and gave California cities until July 1, 2020 to implement the new law. The law establishes Vehicle Miles Traveled (VMT) as the appropriate methodology for measuring the environmental impacts of transportation. Attachment C (SB 743 Legislation) outlines the regulations.

Historically, the City of Milpitas and other jurisdictions have used LOS as the threshold for analyzing the significance of impacts to transportation infrastructure under CEQA. As a measure of congestion, LOS analysis assigns a letter grade (A through F) to intersections or roadway segments based on the ability to carry a certain level of traffic. California jurisdictions have been using LOS to analyze a project's CEQA transportation impacts since the inception of CEQA in 1970.

California has now shifted away from using LOS because traffic congestion is an indicator of roadway efficiency rather than environmental impacts and measuring congestion at intersections and along roadway segments can have the unintended consequence of encouraging urban sprawl. Under LOS, road widening and other infrastructure improvements, may induce new development to locate in more remote areas to avoid traffic impacts, which often results in increased vehicle use and traffic congestion overall because people must travel longer distances to reach destinations. This is particularly true when employment and residential neighborhoods are located far apart.

VMT measures the per capita number of vehicle trips generated by a project and estimates the distances that those vehicles will travel to and from a project rather than congestion levels at intersections. The legislative mandate under SB 743 seeks to balance the needs of congestion management with statewide goals to promote infill development, improve public health through active transportation, and ultimately, reduce greenhouse gas emissions. The City, as an environmental steward, has been working toward adoption of a new transportation policy that supports the mandate. Scores of cities and counties across the State have adopted similar policies.

City staff in consultation with local transportation planning experts, developed a citywide VMT policy to comply with State law and provide established and consistent criteria to analyze transportation impacts of development projects and long-range plans. Although no longer used to measure CEQA transportation impacts, LOS analysis will continue to be used by Milpitas to comply with the State-mandated Congestion Management Program (CMP), which is a local transportation improvement program to reduce traffic congestion. The Valley

Transportation Authority (VTA) administers the CMP for Santa Clara County and is responsible for overseeing the regional roadway network by maintaining a LOS standard.

On April 14, 2021, the Milpitas Planning Commission held a public hearing, reviewed the proposed VMT thresholds, and voted unanimously to adopt a resolution (Attachment B) recommending that the City Council adopt the VMT policy.

**Analysis:**

Development of a new citywide VMT policy for transportation analysis under CEQA has been comprised of four major tasks or milestones:

1. **Outreach and Engagement:** Stakeholder engagement efforts have included a project website with background information and FAQs, feedback from the Development Review Committee and Community Development Roundtable, and presentations to the Planning Commission and City Council. An internal working group analyzed the effects of implementing VMT and alignment with the City's General Plan, Climate Action Plan, City Council priorities, and other adopted policies. Staff also coordinated with various departments to ensure successful implementation of the policy during development review, with an emphasis on incentivizing affordable housing projects.
2. **Technical Evaluation:** Staff evaluated the state recommendations included in the Technical Guidelines and VMT policies recently adopted by other cities including San Jose, Sunnyvale, Fremont, and Mountain View. Staff also participated in the Valley Transportation Authority (VTA) LOS-to-VMT working group to better understand State law, ongoing implementation efforts by other cities, and the tools and methodologies available to measure VMT. Some of the items for consideration included facilitating affordable housing, encouraging transit-oriented development, and optimizing the policy for land use planning in special areas of the City.
3. **Policy Formulation:** Based on the results of the outreach and technical evaluation, staff developed a VMT policy that supports the City's General Plan land use and transportation goals. Key considerations for a VMT policy included:
  - Baseline VMT: Establishing the existing VMT conditions by which projects will be analyzed and compared to;
  - CEQA Thresholds of Significance for VMT impacts: Establishing the level at which impacts will be considered significant and less than significant; and
  - CEQA Exemptions to VMT Analysis: Determining which projects can be presumed to have a less than significant VMT impact and would therefore not be required to conduct a VMT analysis.

The state guidelines allow California cities to set their own policy requirements, provided the adopted policy promotes: 1) a reduction of greenhouse gas emissions; 2) the development of multimodal transportation networks; and 3) the diversity of land uses proximate to each other. Ultimately, staff formulated a methodology for VMT analysis that can be applied throughout the City, is context sensitive, and promotes the goals of the City's new General Plan.

The staff working group also developed a methodology to measure and maintain intersection operations, no longer as a CEQA measure, but as an operational tool. The VMT CEQA metric, which is so important in addressing climate change, does not focus on intersection or roadway operations. For those reasons, the proposed policy includes LOS requirements for monitoring and maintaining Milpitas' transportation roadway network for all the residents, employees, and visitors that rely on it every day.

4. **Policy Adoption:** Council adoption of the new citywide VMT Policy is the final step toward bringing the City into compliance with the requirements of SB 743. Attachment D is the draft VMT Policy developed by staff and the consultants for the City of Milpitas.

### The Countywide Transition from LOS to VMT

VTA, in support of this transition from LOS to VMT, and in an ongoing partnership with all the cities in Santa Clara County, has provided publicly accessible resources on their website. These resources include “heat maps” which provide information on existing VMT levels and the Transit Priority Areas and the Santa Clara County VMT Evaluation Tool which is used to measure VMT for many land use projects. The County has also developed an updated Travel Demand Model based on current land use and transportation information to help cities manage the transition to VMT.

### **Key Policy Definitions and Metrics**

The transition from LOS to VMT will change how the City analyzes potential transportation impacts under CEQA. As noted above, VMT measures the per capita number of vehicle trips generated by a project and estimates the distances that those vehicles will travel to and from a project while LOS measures congestion levels at intersections (graded on a scale of A–F).

The proposed VMT policy establishes the following metrics:

1. **Baseline VMT**: VTA established a baseline VMT for both residential and employment projects throughout Santa Clara County, which is used by staff to measure the existing VMT conditions in the City.
2. **CEQA Thresholds of Significance**: Project impacts will be considered significant for both residential and employment projects if they fall below 15% of the countywide baseline levels.
3. **CEQA Exemptions**: The State recommends that certain developments should be exempt from VMT analysis with a presumption of less-than-significant impact if a project is likely to reduce VMT. Exemptions are based on project size, location and type (i.e., affordable housing or locally serving development).
4. **Methodology for Transportation Projects**: The State recommends that transportation projects that increase roadway capacity require a VMT analysis to evaluate induced VMT, while multimodal transportation projects are exempt from VMT analysis.
5. **LOS Analysis Requirements**: Since LOS is still required by City policy and the CMP, projects will continue to analyze and address LOS.

### Baseline VMT

Baseline VMT is defined as the current average amount of vehicle miles residents and employees are traveling in daily life. Existing VMT averages at the City, County, and Regional (i.e. 9 Bay Area Counties) levels were developed by VTA with information from their Travel Demand Model, Census data, the California Household Survey, and existing land use information provided by city staff. Additionally, VMT averages are further separated into two distinct land uses; 1) household (i.e., residential) and 2) employment. Table A provides the average VMT for both types of land uses at each level:

**Table A: Existing Average VMT by Land Use**

<b>Land Use</b>	<b>Milpitas</b>	<b>Countywide</b>	<b>Regional</b>
Household VMT per Capita	12.12	13.33	13.95
Employment VMT per Employee	17.54	16.64	15.33

City staff evaluated these options and selected the Countywide average as the City’s baseline VMT for both residential and employment due to the many countywide resources available today to help reduce VMT. VTA, the transit agency for Santa Clara County, is the administrator of various multimodal transportation funds and grants (e.g., 2016 Measure B). Consequently, VTA has developed comprehensive programs which bring Santa Clara County cities together to discuss countywide transportation projects, land use planning, and transportation issues, as traffic is a regional issue. Staff created heat maps to show the City’s baseline or existing VMT for each parcel (Attachment E).

### CEQA Thresholds of Significance

In addition to establishing the baseline VMT, CEQA also requires the City’s VMT policy to establish a threshold

of significance. This threshold is the minimum level of significant impacts at which CEQA would require the City to disclose these impacts and either identify mitigation measures or adopt findings to override impacts. The proposed policy is following the State's recommendation to use a significance threshold of 15% below baseline VMT levels for residential and employment projects, which contribute most to VMT.

This recommendation is based on several factors:

- This threshold can be achievable for a variety of projects throughout California;
- A 15% reduction is consistent with California Climate Action Plan goals; and
- Using a 15% threshold creates consistency throughout California jurisdictions.

City staff recommends using the 15% threshold for residential and employment projects to align with the State recommendation. This will allow the City to meet the State's requirements and apply a conservative approach when determining VMT methodology to development in the City. These policy considerations can always be revisited in the future after the City becomes accustomed to measuring VMT and as more VMT resources are available.

Lead agencies may develop their own specific thresholds for other land uses such as regional land uses. This can include regional hospitals, stadiums, sports complexes, private schools, and regional shopping centers. Consistent with the State's recommendation, the policy establishes a net increase in total VMT as a significant transportation impact for regional land uses.

#### CEQA Exemptions

The State guidelines recommend that certain development projects should be exempt from VMT analysis with a presumption of less than significant impact if a project is likely to reduce VMT. The recommended exemptions include:

- Small Infill Projects: Projects that generate 110 or less daily vehicle trips.
- Local Serving Retail: Although the State guidelines establish a maximum floor area of 50,000 square feet, cities have the flexibility to establish their own criteria based on their local context. The policy proposes a maximum floor area of 100,000 square feet since many of the City's existing retail shopping centers are over 50,000 square feet in size.
- Affordable Residential Projects: Although the State guidelines recommend an exemption for 100% affordable residential projects, cities have the flexibility to establish their own criteria based on their local context. The policy proposes an exemption for mixed-income residential projects to incentivize developers to provide affordable units on site beyond the requirements of the City's Affordable Housing Ordinance.
- Transit-Supportive Projects: Certain projects<sup>1</sup> within a Transit Priority Area (TPA) are exempt because they support and encourage walking, biking, and transit as viable transportation options. A TPA is an area within ½ mile of an existing transit stop/station or high quality transit corridor, which includes all rail transit and major bus routes with a frequency of 15 minutes or less during morning and evening peak hours.

The State further recommends that transit-supportive projects have the following characteristics:

- A Floor Area Ratio (FAR) of 0.75 or greater;
- Does not propose more parking for use by residents, customers or employees of the project than required by the jurisdiction;
- Is consistent with the applicable Sustainable Communities Strategies (as determined by the lead agency); and

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<sup>1</sup> The State defines these as residential, retail, and office projects as well as projects that are a mix of these uses.

- Does not replace affordable residential units with a smaller number of moderate- or high-income residential units.

City staff incorporated the State's proposed criteria for transit supportive development within ½ mile of existing transit stop/station or high-quality transit corridor to align with the City's General Plan and planned growth areas. Furthermore, the policy proposes more specific criteria for residential developments within the Transit Priority Area (TPA). Since residential density is often measured in dwelling units per acre (du/ac) rather than FAR, the policy establishes minimum residential densities of 35 du/ac overall, 40 du/ac for the Sierra Center area, and 50 du/ac for the Metro Plan area. See the City's VMT "heatmaps" (Attachment E) for the boundaries of the Sierra Center area and Metro Plan area.

The VMT policy also exempts local serving community facilities such as fire stations, neighborhood parks, branch libraries, and community centers from VMT analysis under CEQA since they typically reduce trip lengths by providing closer amenities and services for residential neighborhoods.

#### Methodology for Transportation Projects

The policy also includes guidelines for analyzing the VMT impacts of local transportation improvement projects such as roadway projects that add vehicle capacity and/or include significant pedestrian and bicycle improvements. The State recommends that these types of projects should be analyzed for near-term and long-term induced VMT. The analysis should: 1) determine if the transportation project is consistent with the State's GHG reduction goals, 2) evaluate if the project has any potential impacts to the multimodal transportation network (hinders or prevents access to walking, biking or transit), and 3) evaluate any potential impacts to the diversity of land use in the city (i.e., results in an undesirable place to live or work due to location or physical conditions). Most new transportation projects within Santa Clara County include significant pedestrian and bicycle improvements which have the potential to offset any increase in VMT generated by roadway capacity improvements.

#### LOS Analysis Requirement

While LOS analysis will no longer be required for CEQA purposes, the proposed VMT policy will continue to require the use of LOS as an analysis tool and operational assessment for projects that are likely to have impacts on intersection operations and traffic flow. A typical transportation operational analysis may include the following: 1) intersection LOS analysis; 2) intersection left-turn storage analysis; 3) project driveway access and circulation; 4) traffic signal warrant studies; 5) pedestrian, bicycle, and transit assessment and improvements; 6) traffic control and crosswalk evaluation; 7) neighborhood intrusion or cut-through 8) parking; and 9) Congestion Management Program requirements. The City's Traffic Engineer may also require other engineering studies.

There are many benefits to studying, monitoring and investing in traffic signal operations and infrastructure. All the Santa Clara County cities included requirements for new development to study LOS and improve intersection operations when warranted. Investing in efficient traffic signal operations ensures safe access and circulation, optimum signal timing, well-designed intersections that accommodate left-turn, right-turn demand, implementation of pedestrian, bicycle and transit improvements, and technology upgrades.

#### **Alignment with Other Policy Efforts**

The City recently updated the General Plan to address new planning issues including air quality, energy, community health and wellness, and climate change. The General Plan acknowledges that land development and transportation goals affect the environment and embraces strategies to reduce VMT. The General Plan also recognizes the need for a balanced transportation system and focuses new development in mixed-use neighborhoods near transit, bringing together office, residential, commercial, and service land uses that reduce VMT and encourage the use of non-automobile transportation modes.

The following General Plan goals and policies most directly support this new policy:

- **Goal CIR-1:** Provide a transportation system that efficiently, equitably and effectively supports the City's land use vision, minimizes vehicle miles traveled (VMT), enhances connectivity of the existing network, and supports the use of all modes of transportation.

- **Policy LU 3-1:** Support regional efforts that promote higher densities near major transit and travel facilities and reduce regional vehicle miles traveled by supporting active modes of transportation including walking, biking, and public transit. Support local and regional land use decisions that promote safe access to and the use of alternatives to auto transit.
- **Policy LU 4-2:** Emphasize efforts to reduce regional vehicle miles traveled by supporting land use patterns and site designs that promote active modes of transportation, including walking, biking, and public transit.

Other General Plan goals, policies, and actions that support VMT reduction include Policy CIR 1-8, Action CIR-1c, Goal CIR-2, Goal CIR-5, Goal CIR-6, Policy CIR 6-2, Policy CIR 6-3, Policy LU 1-1, Policy CHW 1-3, Policy CHW 4-1, Action CHW-4a, Policy CON 7-1, Policy CON 7-10, and many others. The proposed VMT policy supports these policies by encouraging mixed-use, infill, and transit-oriented development and prioritizing active transportation and transit improvements to mitigate project impacts.

Staff also developed the VMT policy in conjunction with the Climate Action Plan and the Milpitas Metro Specific Plan to ensure that the policy furthers the goals and policies of the City's ongoing long-range planning efforts. The policy facilitates the buildout of the General Plan and adopted specific plans by supporting new development near the Milpitas Transit Center, Midtown, and other priority development areas well-served by transit and other amenities.

**Policy Alternative:**

Alternative: Do not adopt a new VMT policy.

Pros: None.

Cons: Without a VMT CEQA threshold, the City would not have an established and consistent criteria for analyzing transportation impacts under CEQA. Therefore, the City would have to analyze transportation impacts for development projects on an ad-hoc basis, which would increase staff time spent on project management and coordinating with CEQA consultants. Furthermore, analyzing transportation projects on an ad-hoc basis would make it difficult for the City to comply with State law (CEQA Guidelines Section 15064.3), which provides requirements for evaluating a project's transportation impacts.

Reasons not recommended: The City and development projects could be without a consistent methodology for analyzing transportation impacts. Staff would also have to divert more time and resources to ensuring that the evaluation of each development project is in compliance with the State's requirements for VMT analysis.

**Fiscal Impact:**

Adoption of the proposed policy will result in no fiscal impact to the City.

**Environmental Review:**

Per CEQA Guidelines Section 15064.7(b), the City can, via a public process, and supported by substantial evidence, develop a VMT threshold of significance it would like to employ for general use in CEQA documents, a threshold which it must then adopt by ordinance, resolution, rule, or regulation.

**Recommendation:**

Move to continue the public hearing to the regular City Council meeting of May 18, 2021.

**Attachments:**

- A. City Council Resolution
- B. Planning Commission Resolution No. 21-011
- C. SB 743 Legislation
- D. Draft VMT Policy
- E. City VMT Heat Maps